Sale of instruments by UTI

5267. SHRI V. RAJAN CHELLAPPA: Will the Minister of FINANCE be pleased to state:

(a) whether UTI has committed many blunders in recent sale of its instruments;

(b) whether the officers responsible for this fiasco have been identified;

(c) what steps are being taken to fix responsibility and punish the errant officials for such fiasco;

(d) whether it is a fact that the present Chairman of UTI is seeking extension; and

(e) the steps proposed to avoid such extention

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHIR M.V CHANDRASHEKARA MURTHY): (a) The Unit Trust of India has stated that it is not aware of any blunder in the sale of its units.

(b) and (c) Do not arise.

(d) and (e) Government has extended the terms of the present Chairman of UTI for a period of three months. Extensions are normally granted with due regard to the interest of the organisation and the need to maintain continuity.

Nominee director of IDBI in industrial units

5268. SHRI V. RAJAN CHELLAPPA: Will the Minister of FINANCE be pleased to state:

(a) the industrial units or companies on which IDBI has nominee Directors where the turn over of such companies exceeds Rs. 1000 crores per annum;

(b) whether it is a fact that IDBI is interfering increasingly in the management of such units;

(c) whether IDBI will take responsibility for the management of such units; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHIR M.V CHANDRASHEKARA MURTHY): (a) Industrial Development Bank of India (IDBI) has reported that it has nominee directors on the Boards of eight companies having annual turnover of over Rs. 1000 crore each.

(b) No, Sir.

(c) No, Sir.

(d) Does not arise.

Irregularities in ITC

5269. SHRI VIRENDRA KATARIA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that serious irregularities have been detected by UTI in the ITC Ltd;

(b) if so, what is the quantum of finance involved in those irregularities; and

(c) whether Government propose to appoint a committee to look into the matter and if so, the details and if not, the reasons therefor and what other steps Government propose to take to remedy the situation?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHIR M.V CHANDRASHEKARA MURTHY): (a) and (b) Unit Trust of India has reported that it is not aware of any financial irregularity in ITC Ltd.

(c) NO, Sir.

ITC to convert loan into equity

5270. SHRI VIRENDRA KATARIA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the management of ITC propose to convert

the loans of Financial Institutions in ITC into equity;

(b) if so, what are the details thereof; and

(c) what is the reaction of Government of India in regard thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHIR M.V CHANDRASHEKARA MURTHY): (a) Industrial Development Bank of India (IDBI) has reported that financial institutions have not received any proposal from ITC Limited for convertion of outstanding loans into equity.

(b) and (c) Do not arise.

Loss of funds by ITC

5271. SHRI VIRENDRA KATARIA: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware that vast funds have been lost deliberately in export deals by the ITC and if so, what are the details thereof during the last two years;

(b) what steps are proposed to be taken to hold the management responsible for loss of funds; and

(c) whether there is any collusion among Industrial Finance Corporation and IDBI and the management of ITC in this loss and if so, what are the details thereof and what is the reaction of the Government of India with regard thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHIR M.V CHANDRASHEKARA MURTHY): (a) to (c) ITC Ltd. is a private sector company and the Board of Directors of the company deals with issues raised in the Board regarding its operations. The nominee directors of financial instituion (FIs) on the Board of an assisted company are expected to act in the best interest of the company and also safeguard the interest of the FI concerned. The nominee directors periodically submit their reports to the FIs concerned on the Board meetings attended by them. Based on their reports, where necessary, FIs take up the issues with the assisted companies.

However, in accordance with the practices and usages customary amongst banks and in conformity with provisions of statutes governing public sector banks and FIs as also the provisions of Public Financial Institutions (Obligation as to Fidelity and Secrecy) Act, 1983, the information relating to individual constituents cannot be divulged.

News-item captioned "Modify tax laws to create resources"

5272. SHRI O.P. KOHLI: Will the Minister of FINANCE be pleased to state:

(a) whether the attention of Government has been drawn to the news item which appeared in the Indian Express dated 14th April, 1995 under the caption "Modify tax laws to create resources; PHDCCI chief"; and

(b) if so, the reaction of Government thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKARA MURTHY): (a) Yes, Sir.

(b) The suggestions received from various sources are kept in view while finalising Government amendments, if any, to the Finance Bill.